

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
UNCLASSIFIED	CONFIDENTIAL	SECRET	
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	AC/IB	12/1/65	JP
STAT	<i>file</i>		
3			
4	<i>See letter of June 12, 1964</i>		
5	<i>below</i>		
6			
ACTION	DIRECT REPLY	PREPARE REPLY	
APPROVAL	DISPATCH	RECOMMENDATION	
COMMENT	FILE	RETURN	
CONCURRENCE	INFORMATION	SIGNATURE	

Remarks:

I am through with this material now and believe that you should keep this in your policy files with the original approval of the 1% administrative allowance.

*Assign. Mem
Federal*

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS	NO.	DATE
C/BSO		11/30
UNCLASSIFIED	CONFIDENTIAL	SECRET

FORM NO. 2-61 237 Use previous editions

(40)

U.S. GOVERNMENT PRINTING OFFICE : 1961 O-587282

18 JAN 1965

NOTE TO : C/IB

Attached is the original of the letter approving our planned 1% administrative charge. I believe you should keep this in your policy files since it will have great historical value at a future date.

C/BSD

26 AUG 1964

NOTE TO : C/IB

Since we are coming to the time when we will be collecting money for the administrative allowance, I assume that you will set up a special account so that the allowance can be identified. Also, am I correct in understanding, first of all, that this money can only be used for the Association Plan expenses and that we have to be prepared for an audit of expenditures by the Commission so that they can be satisfied that the administrative allowance is being properly disbursed. I remember their questioning Mutual's expenditure and presume that we face the same control. Please let me know.

you will
of course
- no problem

STAT

C/BSB

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM					
UNCLASSIFIED		CONFIDENTIAL		SECRET	
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP					
TO	NAME AND ADDRESS		DATE	INITIALS	
1	OD/Pers		<i>B-26-17</i>		
2	5E56 Headquarters <i>Included in weekly rept</i>				
3	C/BSD				
4	5E47 Headquarters				
5					
6					
ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
Remarks: <p>Attached is the Commission's response re the new limits and rates of our hospitalization program. We were delighted, of course, that the concept of a GEHA administrative expense allowance has been approved. Not only will it allow us to reduce the Agency expenditure for the insurance program, but it has established a precedent on which we can build and make plans for the future. At some point between now and November, we will have to submit to you for approval a proposal concerning the use of this administrative allowance. Remembering that</p> <p style="text-align: right;">(Over)</p>					
FOLD HERE TO RETURN TO SENDER					
FROM: NAME, ADDRESS AND PHONE NO.			DATE		
STAT/BSD					
5E47 Headquarters					
UNCLASSIFIED			SECRET		

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(40)

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the Commission has a right to approve or disapprove expenditures charged against this allowance, we will have to be ready with the means by which we intend to spend this money.

OFFICE OF THE DIRECTOR
JUN 23 4 49 PM '64
OF PERSONNEL

UNITED STATES CIVIL SERVICE COMMISSION

BUREAU OF RETIREMENT AND INSURANCE

WASHINGTON 25, D.C.

IN REPLY PLEASE REFER TO

RI:IK:ig

YOUR REFERENCE

JUN 12 1964

STAT

[Redacted]
President
Government Employees Health Assn., Inc.
Post Office Box 463
Washington 4, D.C.

STAT

Dear [Redacted]

This is in reply to your letter to Mr. Ruddock submitting your proposal for change in the Association Benefit Plan for the contract term beginning November 1, 1964.

The benefit changes which you propose appear generally acceptable. We are now reviewing your proposals for rate change and if we have a counterproposal to make, we will be in touch with you. If your most recent experience shows that a change in your proposal regarding rates is necessary, you are free to make one prior to July 1, 1964.

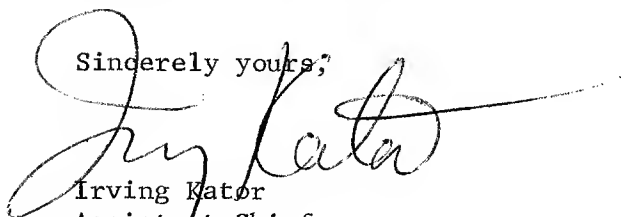
We have no objection to including in the contract an allowance for administrative expenses of the organization for administering the Association Benefit Plan. Similarly, we would have no objection to an increase in the underwriter's administrative allowance if required to meet necessary expenses. However, in view of the increased premium and contingency payments which the Plan will be receiving, you may find the current percentage allowance for the underwriter sufficient to meet his needs for the next contract term. We will want to discuss these items with you before giving final approval to them.

In accordance with Paragraph 12 of Public Law 88-284, the Commission has transferred to the contingency reserve of your Plan the amount of \$38,852.33. This transfer has been made from the administrative reserves held by the Commission and represents your Plan's proportionate share of that reserve as of October 31, 1963. Payment from the contingency reserve to your Plan will be made in accordance with Section 890.503(c)(2) of the health benefits regulations. We estimate approximately \$105,000 would probably be available for payment in March 1965 from the contingency reserve.

- 2 -

In connection with brochure revisions, it would be helpful to us if your underwriter would prepare a first draft incorporating your preference as to format.

Sincerely yours,



Irving Kator
Assistant Chief
Contracts & Instructions Division

UNITED STATES CIVIL SERVICE COMMISSION

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WASHINGTON 25, D.C.

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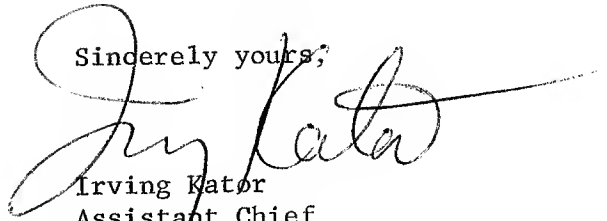
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